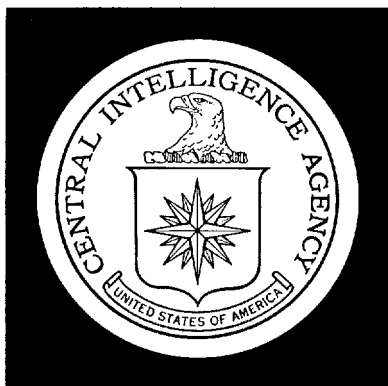


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Poland - West Germany: The Poles have responded affirmatively to Bonn's call of 25 November for political negotiations.

The text of Warsaw's diplomatic note is not yet available, but its contents were forecast in a speech to the Polish parliament yesterday by Premier Cyrankiewicz. The premier said that Poland is ready to discuss all outstanding problems between the two countries and that its primary goal is still to secure West German recognition of the Oder-Neisse border. Such a development would be the starting point for normalization of relations, but is apparently not meant to preclude simultaneous discussion of other topics.

Cyrankiewicz acknowledged that Poland would keep East German interests in mind during the negotiations. Warsaw and Bonn are currently engaged in economic talks. The political talks are expected to begin early next year.

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Communist China: The Chinese are continuing to release foreigners detained in China as part of their effort to resume a more normal international posture.

The latest move occurred on 20 December when Peking announced the release of a prominent Japanese journalist who had been detained for 18 months under suspicion of espionage. The announcement claimed that the journalist had committed numerous crimes for US imperialism and Japanese reactionaries, but added that Peking had decided to be lenient and only deport him.

Since the release of Reuters correspondent Anthony Grey last October, Peking has acted on several similar cases. Thus far six Britons, six Japanese, seven Germans, and two Americans have been freed. China's desire to return to more conventional diplomatic practices in general, however, does not appear to be primarily designed to improve state-to-state relations. Last month, a high-ranking Communist official in Hong Kong stated that the releases were based on individual cases and were not made with a view to improving relations with the countries concerned.

The Chinese, in fact, appear to be making a distinction between those who have allegedly committed minor offenses or were victims of the antiforeign feeling of the past three years and aliens who they consider have engaged in serious espionage. On 22 October, for example, Peking announced that a German technician accused of being a US spy had been sentenced to ten years in prison. Similarly, the Chinese have as yet shown no signs of considering the release of a number of other foreigners detained for espionage.

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Nationalist China: The Kuomintang's handling of recent national and municipal elections shows its continued determination to keep any real power out of the hands of the Taiwanese.

The election of representatives from Taiwan Province to the national legislative organs on 20 December was held at the behest of President Chiang Kai-shek primarily to demonstrate to the world the contrast between a prosperous and democratic Taiwan and Communist China. This was the first such election in 20 years. The small group of independent candidates was permitted some limited freedom to speak out for greater Taiwanese representation at higher levels of the government and an end to the martial law restrictions in effect since 1949. The election of the 26 representatives from an all-Taiwanese field of candidates, however, has not significantly increased the miniscule representation of Taiwanese in the national government. Moreover, all but three of the victors are members of the Kuomintang.

The ruling party's relaxed handling of the legislative elections stands in sharp contrast to that of last month's more significant Taipei municipal election. The control of the city council of Taiwan's largest urban area was at stake, and all stops were pulled to ensure a complete Kuomintang victory. The desired results were obtained by unusually strict campaign restrictions, favoritism for party candidates, intimidation of the nonparty candidates, and possibly some tampering with ballots. These heavy-handed tactics underscore the mainlander leadership's unwillingness to risk any diminishment of its authority, particularly in Taipei city.

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Albania: A "cultural revolution," which to date has been relatively tame, seems to be going into a tougher stage.

The party newspaper acknowledged last week that the ideological-cultural revolution has not lived up to expectations and called for more revolutionary effort. This new phase seems designed to stamp out passive resistance to policies that are meant to eradicate old traditions and beliefs. Party boss Hoxha seems to believe the time has come to push harder to recast the country's social mores.

Since the "cultural revolution" began in Albania in early 1968, religion has been under severe attack but is not dead, even though Tirana claims to be the capital of the world's first atheist state. Most Albanian males, who are Moslems, have been extremely reluctant to accept females as equals despite the fact that women have been officially emancipated.

In order to ensure compliance, the new measures decree that local party cells have the authority to oversee intrafamily relationships. Early in November, the regime for the first time unleashed the youth to "observe, uncover, and correct" the last vestiges of so-called bourgeois ideas and foreign concepts.

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Iceland-EFTA: The Icelandic parliament has approved the government's decision to enter the European Free Trade Association (EFTA) as of next March.

Reykjavik flirted with the idea of entering EFTA from its inception, but has always given way to prevailing xenophobia, asserting that its prosperous economy, which is based on the fishing industry, would receive little advantage from the arrangement. With the sharp decline in the herring and cod fisheries in the mid-1960s, however, and the imposition of restrictions on fish imports by the UK, Iceland's most important customer, the government has realized that its rapidly deteriorating economy requires encouragement of foreign investment and protection within a major trading bloc.

After several false starts, the government finally approached EFTA in November 1968 and soon began negotiations with London and the Nordic countries on a redistribution of the shares of the British market in the light of Icelandic entry into EFTA. Iceland also started negotiations with Denmark, Finland, Norway, and Sweden to create a \$14-million industrialization fund to ease the transition for the national economy.

The moves toward entry into EFTA have been opposed by the Communists. Furthermore, agricultural interests remain skeptical of the merits of the government's case, despite a propaganda campaign on behalf of membership. Neither group, however, has been able to overcome internal disputes in order to present a united front against EFTA. The ruling coalition has thus scored a victory that will stand, when its constituent parties go to the people in local elections scheduled for next May, as the only bright spot in its performance since 1967.

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Peru: The controversial investment contract between the Velasco government and the US-owned Southern Peru Copper Company (SPCC) was signed Friday. SPCC reportedly accepted the government's seven contract changes but still believes it obtained favorable terms for the development of its Cuajone copper concessions. A high SPCC official told the US ambassador that the company will have no problem financing the project through its own resources and suppliers' credits from Europe and Japan. Second-echelon civilian officials, including one of the early critics of the contract, signed for the government. [REDACTED]

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Ecuador: An end to the month-long teachers' strike and accompanying violence appears imminent because President Velasco has bowed to demands that he remove his minister of education. Rumors are circulating that the minister will be replaced by a moderate socialist. This appointment would balance the naming of a conservative minister of finance earlier this month and broaden the political parameters of Velasco's cabinet. [REDACTED]

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